

## 0950 State Treasurer

The State Treasurer, a constitutionally established office, provides banking services for state government with goals to minimize interest and service costs and to maximize yield on investments. The Treasurer is responsible for the custody of all monies and securities belonging to or held in trust by the state; investment of temporarily idle state monies; administration of the sale of state bonds, their redemption and interest payments; and payment of warrants drawn by the State Controller and other state agencies.

### 3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2006-07	2007-08	2008-09	2006-07*	2007-08*	2008-09*
10 Investment Services	17.1	16.2	17.1	\$2,752	\$2,939	\$3,071
20 Cash Management	49.5	49.7	54.4	7,813	8,349	8,847
30 Public Finance	40.8	52.3	52.3	5,702	7,323	7,655
35 Securities Management	19.6	26.3	26.3	3,951	4,708	4,746
50.01 Administration and Information Services	78.6	84.0	89.2	10,432	11,186	11,916
50.02 Distributed Administration	-	-	-	-8,251	-8,603	-8,679
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>	<b>205.6</b>	<b>228.5</b>	<b>239.3</b>	<b>\$22,399</b>	<b>\$25,902</b>	<b>\$27,556</b>
<b>FUNDING</b>				<b>2006-07*</b>	<b>2007-08*</b>	<b>2008-09*</b>
0001 General Fund				\$3,804	\$6,993	\$7,154
0995 Reimbursements				18,595	18,909	20,402
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>				<b>\$22,399</b>	<b>\$25,902</b>	<b>\$27,556</b>

### LEGAL CITATIONS AND AUTHORITY

#### DEPARTMENT AUTHORITY

California Constitution Article XVI, Sections 1.5 and 7; and Government Code Sections 12300-12333, 16300-16600, 53661.

### BUDGET-BALANCING REDUCTIONS

- A reduction of \$715,000 in 2008-09 for the State Treasurer's Office. This is an unallocated reduction and the implications will not be known until the Treasurer allocates the reduction to programs. The Administration expects the reduction will be allocated in a manner that minimizes any adverse impact on program, services, or General Fund revenues.

### DETAILED BUDGET ADJUSTMENTS

	2007-08*			2008-09*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
<b>Baseline Adjustment Descriptions</b>						
• Cash Management Division Workload Increase	\$-	\$-	-	\$81	\$345	4.7
• Price Increase	-	-	-	53	86	-
• Pooled Money Investment Account Loan Program Workload Increase	-	-	-	-	277	-
• Information Technology Division Workload Increase	-	-	-	-	269	2.4
• Investment Division Workload Increase	-	-	-	-	108	0.9
• Other Baseline Adjustments	222	597	1.9	249	386	-
<b>Totals, Baseline Adjustments</b>	<b>\$222</b>	<b>\$597</b>	<b>1.9</b>	<b>\$383</b>	<b>\$1,471</b>	<b>8.0</b>
<b>Policy Adjustment Descriptions</b>						
• Financial Information Systems for California (FI\$Cal)	\$-	\$-	-	\$-	\$619	4.7
<b>Totals, Policy Adjustments</b>	<b>\$-</b>	<b>\$-</b>	<b>-</b>	<b>\$-</b>	<b>\$619</b>	<b>4.7</b>
<b>TOTALS, BUDGET ADJUSTMENTS</b>	<b>\$222</b>	<b>\$597</b>	<b>1.9</b>	<b>\$383</b>	<b>\$2,090</b>	<b>12.7</b>
<b>Other Adjustments <sup>1/</sup></b>						
• Budget-Balancing Reductions	-	-	-	-715	-	-
<b>REVISED TOTALS, BUDGET ADJUSTMENTS</b>	<b>\$222</b>	<b>\$597</b>	<b>1.9</b>	<b>-\$332</b>	<b>\$2,090</b>	<b>12.7</b>

\* Dollars in thousands, except in Salary Range.

## 0950 State Treasurer - Continued

<sup>11</sup> These dollars and PYs are included in the General Government agency, therefore not included in the other fiscal statements for this department. These totals are also not included in the applicable Summary Schedules for this department.

### PROGRAM DESCRIPTIONS (Program Objectives Statement)

#### 10 - INVESTMENT SERVICES

The Investment Division is responsible for investment of state monies from the date of receipt through the date of redemption. During the 2006-07 fiscal year, this Division handled 11,100 security investment transactions totaling \$403.0 billion. The Pooled Money Investment Board program accounted for 7,246 of these transactions totaling \$344.7 billion; time deposits accounted for 2,202 transactions totaling \$50.3 billion. The remaining \$8.0 billion is invested on behalf of the state's special funds, such as those associated with the California Housing Finance Agency, the Department of Fish and Game, the state's retirement system, etc. The Division also administers the Local Agency Investment Fund (LAIF), a voluntary investment program created to offer California local agencies greater access to the financial markets through the Pooled Money Investment Board program. In the 2006-07 fiscal year, 2,609 local agencies participated in LAIF, with deposits averaging \$17.2 billion for the fiscal year.

#### 20 - CASH MANAGEMENT

The Cash Management Division is responsible for managing the state's cash resources as mandated by the Pooled Money Investment Board and Government Code Sections 16500 through 16510. The Division is also responsible for administering the Centralized Treasury System (CTS), which encompasses the Treasurer's demand bank accounts. The State Treasurer maintains demand bank accounts with seven statewide banks for the purpose of providing the necessary depository coverage for the remittance of funds collected by various state agencies.

The goal of the CTS is to have all idle State money invested each day. This goal is accomplished by: (1) completing daily, weekly and monthly forecasts of agency revenue collections and disbursements and analyzing their impact on the Treasurer's Pooled Money Investment Portfolio; (2) maintaining balances with each demand account bank to compensate the banks for banking services and to meet warrant redemption requirements, and (3) using compensating balances to allow for the variances in cash flow that are a natural consequence when forecasting the movement of cash

The Division is also responsible for processing, redeeming, and reconciling state warrants and agency checks presented by the banks for payment, processing stop payment and forgery items, and reconciling all of the state's deposits within the Treasury System. The Division also administers the Electronic Fund Transfer (EFT) and Pre-Sort Deposit Contracts, both of which involve the collection of over \$100 billion in state revenue.

In addition, the Division is responsible for maintaining the state's vault which is used for the safekeeping of moneys and securities pursuant to Government Code Section 12320 and for providing security in the handling and processing of billions of dollars in negotiable securities.

#### 30 - PUBLIC FINANCE

The Public Finance Division is responsible for selling all State of California general obligation bonds, revenue anticipation notes, commercial paper notes, revenue bonds, and any other indebtedness including securitization of assets. The Division also provides trust services for most state bonds. Interim financing from the Pooled Money Investment Account is also arranged to meet the immediate cash needs of the various bond programs. Interest costs are minimized through a planned bond-marketing program. This program includes disseminating information to bondholders through the Investor Relations Program.

The Division also assures compliance with federal tax laws applicable to state debt by investing and reinvesting bond sale proceeds as needed to meet federal yield restriction requirements, tracking expenditures, and computing and rebating arbitrage profit or other payments to the federal government.

#### 35 - SECURITIES MANAGEMENT

The Securities Management Division consists of the Securities Clearance Section and the Debt and Data Management Section.

The Securities Clearance Section is responsible for the clearance, settlement, income collection, and accountability of all securities purchased or sold for investment by the State Treasurer; pledged to the State Treasurer to secure the performance of an act or duty; and held as collateral for the Treasurer's Time and Demand Deposit Programs. Securities are held in outside depositories as well as the State Vault.

The Debt and Data Management Section is responsible for safekeeping personal property and other items in the State Vault at the request of State Agencies; monitoring and managing the State's fiscal agent accounts; debt service payments on Book-Entry bonds to the Trust Depository and certificated bonds to the Fiscal Agent bank; as well as the payments for Revenue Anticipation Notes (RAN's) and Warrants (RAW's). The Section performs accountability and reconciliation on Debt Service Reporting, Un-presented Accountability and Cash Accountability.

#### 50 - ADMINISTRATION AND INFORMATION SERVICES

The Administration Division, Executive Office, and the Information Services Division provide executive direction and support

\* Dollars in thousands, except in Salary Range.

**0950 State Treasurer - Continued**

services to programs in the State Treasurer's Office. Services include budgeting, personnel, accounting, information systems, business services, technical support, and production operations.

**DETAILED EXPENDITURES BY PROGRAM (Program Budget Detail)**

		<u>2006-07*</u>	<u>2007-08*</u>	<u>2008-09*</u>
<b>PROGRAM REQUIREMENTS</b>				
<b>10</b>	<b>INVESTMENT SERVICES</b>			
	<b>State Operations:</b>			
0001	General Fund	\$524	\$656	\$678
0995	Reimbursements	<u>2,228</u>	<u>2,283</u>	<u>2,393</u>
	<b>Totals, State Operations</b>	<b>\$2,752</b>	<b>\$2,939</b>	<b>\$3,071</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>20</b>	<b>CASH MANAGEMENT</b>			
	<b>State Operations:</b>			
0001	General Fund	\$852	\$2,675	\$2,779
0995	Reimbursements	<u>6,961</u>	<u>5,674</u>	<u>6,068</u>
	<b>Totals, State Operations</b>	<b>\$7,813</b>	<b>\$8,349</b>	<b>\$8,847</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>30</b>	<b>PUBLIC FINANCE</b>			
	<b>State Operations:</b>			
0001	General Fund	\$924	\$1,803	\$1,831
0995	Reimbursements	<u>4,778</u>	<u>5,520</u>	<u>5,824</u>
	<b>Totals, State Operations</b>	<b>\$5,702</b>	<b>\$7,323</b>	<b>\$7,655</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>35</b>	<b>SECURITIES MANAGEMENT</b>			
	<b>State Operations:</b>			
0001	General Fund	\$1,363	\$1,757	\$1,764
0995	Reimbursements	<u>2,588</u>	<u>2,951</u>	<u>2,982</u>
	<b>Totals, State Operations</b>	<b>\$3,951</b>	<b>\$4,708</b>	<b>\$4,746</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>50</b>	<b>ADMINISTRATION AND INFORMATION SERVICES</b>			
	<b>State Operations:</b>			
0001	General Fund	\$141	\$102	\$102
0995	Reimbursements	<u>2,040</u>	<u>2,481</u>	<u>3,135</u>
	<b>Totals, State Operations</b>	<b>\$2,181</b>	<b>\$2,583</b>	<b>\$3,237</b>
<b>ELEMENT REQUIREMENTS</b>				
50.01	Administration and Information Services	10,432	11,186	11,916
50.02	Distributed Administration	-8,251	-8,603	-8,679
<b>TOTALS, EXPENDITURES</b>				
	State Operations	<u>22,399</u>	<u>25,902</u>	<u>27,556</u>
	<b>Totals, Expenditures</b>	<b>\$22,399</b>	<b>\$25,902</b>	<b>\$27,556</b>

**EXPENDITURES BY CATEGORY (Summary By Object)**

	<b>1 State Operations</b>	<u>Positions</u>			<u>Expenditures</u>		
		<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2006-07*</u>	<u>2007-08*</u>	<u>2008-09*</u>
<b>PERSONAL SERVICES</b>							
	Authorized Positions (Equals Sch. 7A)	205.6	238.3	238.3	\$12,509	\$14,340	\$14,689
	Total Adjustments	-	2.0	13.5	-	707	1,480
	Estimated Salary Savings	-	-11.8	-12.5	-	-727	-782

\* Dollars in thousands, except in Salary Range.

## 0950 State Treasurer - Continued

1 State Operations	Positions			Expenditures		
	2006-07	2007-08	2008-09	2006-07*	2007-08*	2008-09*
<b>Net Totals, Salaries and Wages</b>	205.6	228.5	239.3	\$12,509	\$14,320	\$15,387
Staff Benefits	-	-	-	4,360	5,775	5,809
<b>Totals, Personal Services</b>	205.6	228.5	239.3	\$16,869	\$20,095	\$21,196
OPERATING EXPENSES AND EQUIPMENT				\$5,530	\$5,807	\$6,360
<b>TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)</b>				\$22,399	\$25,902	\$27,556

## DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2006-07*	2007-08*	2008-09*
<b>0001 General Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$6,132	\$6,771	\$7,154
Allocation for employee compensation	371	250	-
Adjustment per Section 3.60	39	-17	-
Adjustment per Section 15.25	-	-10	-
Transfer to Legislative Claims (9670)	-	-1	-
<b>Totals Available</b>	<b>\$6,542</b>	<b>\$6,993</b>	<b>\$7,154</b>
Unexpended balance, estimated savings	-2,738	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$3,804</b>	<b>\$6,993</b>	<b>\$7,154</b>
<b>0995 Reimbursements</b>			
APPROPRIATIONS			
Reimbursements	\$18,595	\$18,909	\$20,402
<b>TOTALS, EXPENDITURES, ALL FUNDS (State Operations)</b>	<b>\$22,399</b>	<b>\$25,902</b>	<b>\$27,556</b>

## FUND CONDITION STATEMENTS

	2006-07*	2007-08*	2008-09*
<b>3059 Fiscal Recovery Fund<sup>s</sup></b>			
BEGINNING BALANCE	\$612,196	\$637,907	\$637,907
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
115100 Retail Sales and Use Tax-Fiscal Recovery	1,411,392	1,443,000	1,522,000
150300 Income From Surplus Money Investments	9,906	-	-
Total Revenues, Transfers, and Other Adjustments	\$1,421,298	\$1,443,000	\$1,522,000
Total Resources	\$2,033,494	\$2,080,907	\$2,159,907
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
9618 Economic Recovery Financing Committee			
State Operations	10,708	14,430	15,220
Unclassified	1,384,879	1,428,570	1,506,780
Total Expenditures and Expenditure Adjustments	\$1,395,587	\$1,443,000	\$1,522,000
FUND BALANCE	\$637,907	\$637,907	\$637,907
Reserve for economic uncertainties	637,907	637,907	637,907
<b>3090 Deficit Recovery Bond Retirement Sinking Fund Subaccount, Budget Stabilization Account<sup>s</sup></b>			
BEGINNING BALANCE	\$12,038	\$1,267	\$1,267
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			

\* Dollars in thousands, except in Salary Range.

**0950 State Treasurer - Continued**

	2006-07*	2007-08*	2008-09*
150300 Income From Surplus Money Investments	6,780	-	-
160400 Sale of Fixed Assets	1,450	31,683	44,484
Transfers and Other Adjustments:			
FO1011 From Budget Stabilization Account per Article XVI, Section 20(f) of the California Constitution	471,770	1,022,621	-
Total Revenues, Transfers, and Other Adjustments	<u>\$480,000</u>	<u>\$1,054,304</u>	<u>\$44,484</u>
Total Resources	\$492,038	\$1,055,571	\$45,751
<b>EXPENDITURES AND EXPENDITURE ADJUSTMENTS</b>			
Expenditures:			
9618 Economic Recovery Financing Committee (Unclassified)	<u>490,771</u>	<u>1,054,304</u>	<u>44,484</u>
Total Expenditures and Expenditure Adjustments	<u>\$490,771</u>	<u>\$1,054,304</u>	<u>\$44,484</u>
FUND BALANCE	\$1,267	\$1,267	\$1,267
Reserve for economic uncertainties	1,267	1,267	1,267

**CHANGES IN AUTHORIZED POSITIONS**

	Positions			Expenditures		
	2006-07	2007-08	2008-09	2006-07*	2007-08*	2008-09*
Totals, Authorized Positions	205.6	238.3	238.3	\$12,509	\$14,340	\$14,689
Salary Adjustments	-	-	-	-	534	547
<b>Proposed New Positions:</b>	<b>Salary Range</b>					
Investment Division:						
Treasury Program Manager I	-	-	1.0	5,079-6,127	-	67
Information Technology Division:						
Staff Programmer Analyst	-	-	1.0	5,065-6,466	-	69
Systems Software Specialist I	-	-	0.5	5,063-6,465	-	36
Associate Info Systems Analyst	-	-	1.0	4,619-5,897	-	63
Cash Management Division:						
Treasury Program Manager I	-	-	2.0	5,079-6,127	-	134
Program Technician II-Supervisory	-	-	1.0	2,953-3,590	-	39
Program Technician II	-	-	1.0	2,638-3,209	-	35
Program Technician I	-	-	1.0	2,280-2,975	-	32
FI\$Cal Project:						
C.E.A. II	-	-	1.0	7,815-8,616	-	107
Treasury Program Manager III	-	1.0	1.0	7,118-7,848	91	98
Treasury Program Manager II	-	1.0	2.0	5,857-7,064	82	170
Senior Programmer Analyst-Specialist	-	-	1.0	5,571-7,109	-	83
<b>Totals, Proposed New Positions</b>	<u>-</u>	<u>2.0</u>	<u>13.5</u>	<u>\$-</u>	<u>\$173</u>	<u>\$933</u>
<b>Total Adjustments</b>	<u>-</u>	<u>2.0</u>	<u>13.5</u>	<u>\$-</u>	<u>\$707</u>	<u>\$1,480</u>
<b>TOTALS, SALARIES AND WAGES</b>	<b>205.6</b>	<b>240.3</b>	<b>251.8</b>	<b>\$12,509</b>	<b>\$15,047</b>	<b>\$16,169</b>

\* Dollars in thousands, except in Salary Range.